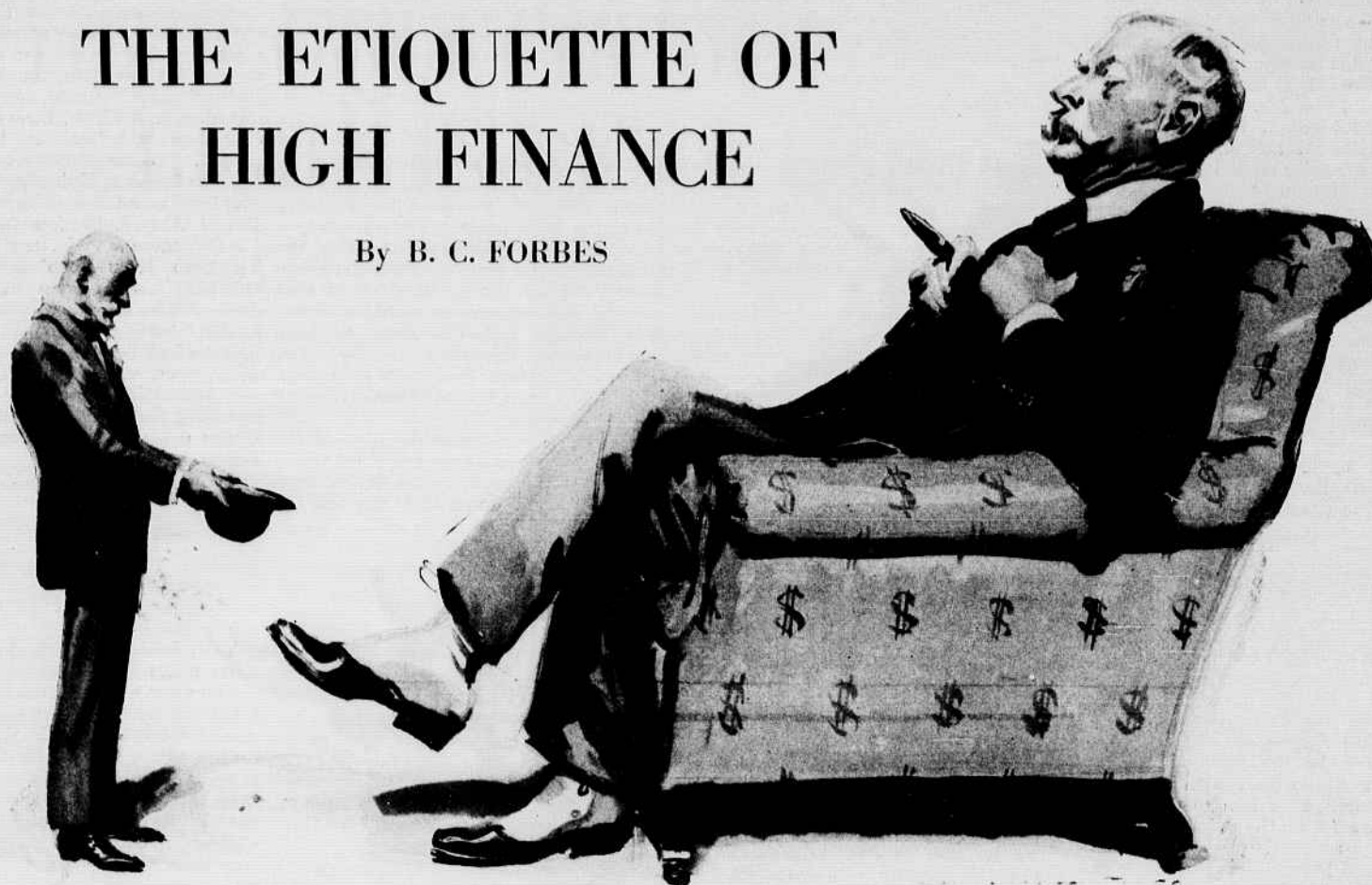


THE ETIQUETTE OF HIGH FINANCE

By B. C. FORBES



"The very great financier will not visit the office of any ordinary financier under any circumstances."

THE Kings of High Finance have rules of etiquette stricter than those of the most autocratic sovereigns. The etiquette of High Finance, indeed, resembles the caste system of India.

The King of England, the Emperor of Germany, or the Czar of Russia did not disdain, in peace times, to pay a return visit to any other ruler, no matter how insignificant.

The more powerful Kings of High Finance refuse to pay return visits to financial nabobs only a little lower in the money scale.

Jealousies often arise between two financiers or bankers, each obsessed with the idea that he ranks higher than the other, and is therefore entitled to sit on his own throne and receive the other in audience. Several years may pass without an exchange of visits between such contenders for homage.

There is no written code, of course. The financial rulers seldom, if ever, discuss the matter among themselves. And the public are probably wholly ignorant that any such system of etiquette in High Finance exists. The two basic rules are:

The very great financier will not visit the office of any ordinary banker or financier under any circumstances. If the big fellow wants to see the little fellow his secretary sends a summons by telephone.

When two financiers are of about equal standing, the one who wants to see the other does the visiting.

The original J. P. Morgan was the greatest autocrat American finance has ever known, although Edward H. Harriman, in his later years, contracted the notion that it was his prerogative to sit on his throne and be kowtowed to by the greatest men in the land. Morgan got away with it; Harriman didn't.

When Jack Morgan took up the scepter of J. P. Morgan the First, money mag-

nates who did not resent bowing down to the greatest of all American bankers balked at jumping at the crack of the young Morgan whip. For a time there was secret insurgency; the financial community would not recognize Morgan the Second as their ruler.

Morgan the Second

BUT when Morgan & Company were appointed purchasing and financial agents for the European Allies and given sole control of expenditures running into the billions, the amount of patronage at the command of Morgan the Second brought most of the rebels groveling to his feet. Since then J. P. Morgan has been widely recognized as the chief ruler of the financial realm, and few men have hesitated to respond to a summons from his financial palace. Like his father, Morgan now does no professional visiting; he only "receives." Such stalwarts as Frank A. Vanderlip, president of the National City Bank; A. Barton Hepburn, chairman of the Chase National Bank; Charles H. Sabin, president of the Guaranty Trust Company, may be seen any day entering the "Corner House."

Jacob H. Schiff, however, has not accepted the Morgan rulership. Mr. Schiff is the veteran head of the international banking firm of Kuhn, Loeb & Co., which is now recognized as even more influential than Morgan & Company in the financing of America's railroad systems. For years there was rivalry between the late J. P. Morgan and Mr. Schiff, but when the 1907 panic threatened to topple over the whole financial structure, Jacob H. Schiff fell into line the day Morgan issued an order to the financial powers to step up to his desk. At that critical time Morgan ruled with a rod of iron and none dared say him nay.

But when Morgan & Company undertook to float the \$500,000,000 loan for the Allies last year, Kuhn, Loeb & Co., as well as several other prominent banking houses, were at first ignored. How to remedy this tactical blunder was a problem hard to solve. Mr. Morgan did not care to risk being snubbed by Mr. Schiff, yet the Anglo-French Commission was anxious to gain the Kuhn-Loeb cooperation. Baron Reading, Lord Chief Justice of England and chairman of the Commission, held several secret conferences with Mr. Schiff, and finally James J. Hill was called in to act as mediator. Mr. Hill, after discussing the situation with Mr. Morgan and the Commission, went to Mr. Schiff's office and tendered an invitation to join the negotiations.

The newspapers reported that Mr. Morgan thereafter visited Mr. Schiff and that Mr. Schiff returned the visit next day. Mr. Schiff and Mr. Morgan are now good personal friends, although still financial rivals. Neither, however, has accepted the leadership of the other, and there is no record of any visiting since.

Mr. Schiff is not a stickler for etiquette. He may be seen walking into the City Bank to chat with Mr. Vanderlip any day of the week. When he wants to talk anything over with other big men he has no scruples about going to see them, even though a note or a telephone message requesting a call would be willingly honored, as Mr. Schiff's age as well as his prestige have won him recognition as a power second to none in High Finance. James Stillman, the chairman and largest stockholder of the National City Bank, does not hesitate to pay his respects to the Kuhn-Loeb partners during his annual stay in this country—Mr. Stillman spends about half of every year in Europe.

The newspapers quite recently reported a feud between Vanderlip and Sabin. Mr.

Vanderlip does very little visiting; in fact, except for occasional calls at Morgan's, he is never seen in other institutions. Those who have relations with the president of the country's largest national bank, founder of the new \$50,000,000 American International Corporation and the head of a gigantic steel and ordnance combination, do not object to visiting him.

But Sabin is president of the biggest trust company in the United States, and one of the most aggressive and progressive men in Wall Street. He was selected by Mr. Vanderlip as a director in the American International Corporation, but after Gaston, Williams & Wigmore had been backed by Sabin in building up a gigantic international enterprise, Sabin suddenly quit the Vanderlip project. It was said that Sabin was not told that the American International had begun to buy up reams of United Fruit Company stock, causing it to rise violently, and that he was very, very angry. The financial paragraphs had Messrs. Vanderlip and Sabin squaring off for a ten-round bout. In the afternoon, unknown to the alert newspaper men, Sabin appeared at the door of the Vanderlip private office. The moment Sabin was ushered in, the two—shook hands! Instead of fisticuffs they had a talk-fest, and enjoyed and laughed over the quips in the morning newspapers.

At Nobody's Beck and Call

SABIN'S rise has been spectacular. When he was only a vice-president he visited right and left, but since he was elevated to the presidential chair he has been more inclined to sit back and let others come to see him. Perhaps only half a dozen financial overlords would not care to respond to a summons from him. Henry P. Davison, the brains of the Morgan firm, and Albert H. Wiggin, presi-